



August 25, 2015

Dr. David Carlisle
President
Charles Drew University of Medicine
and Science
1731 East 120th Street
Los Angeles, California 90059-3025

Certified Mail
Return Receipt Requested
#: 70150640000610812744

RE: **Final Program Review Determination**
OPE ID: 01036500
PRCN: 201121027435

Dear Dr. Carlisle:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report on January 24, 2012 covering Charles Drew University of Medicine and Science's (CDU's) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2009-2010 and 2010-2011 award years. The institution's final response was received on May 1, 2012.

The San Francisco/Seattle School Participation Division has reviewed CDU's responses to the Program Review Report. A copy of the program review report and CDU's response are attached. Any supporting documentation submitted with the responses is being retained by the Department and is available for inspection by CDU upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report and (2) close the review. Liabilities totaling \$11,776 have been repaid by CDU. No further action is required.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND™

50 Beale Street, Suite 9800, San Francisco, CA 94105-1863
StudentAid.gov


Appendix A, Student Sample, contains personally identifiable information and will be emailed to CDU as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Record Retention:

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If you have any questions, please contact DeNise McMillian at (206) 615-3638 or DeNise.L.McMillian@ed.gov.

Sincerely,



Martina Fernandez-Rosario
Division Director
San Francisco/Seattle School Participation Division

Enclosures: Final Program Review Determination (and appendices)

cc: LaNae Herrera, Director of Financial Aid
CA Bureau For Private Postsecondary Education
Western Association of Schools and Colleges - Sr. Colleges & Universities
Department of Defense (sent by email to osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil)
Department of Veterans Affairs (sent by e-mail to INCOMING.VBAVACO@va.gov)
Consumer Financial Protection Bureau (sent by e-mail to CFPB_ENF_Students@cfpb.gov)

Prepared for

**Charles Drew University of
Medicine and Science**

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND™

OPE ID 01036500
PRCN 201121027435

Prepared by
U.S. Department of Education
Federal Student Aid
San Francisco/Seattle School Participation Division

Final Program Review Determination

August 25, 2015

Table of Contents

	Page
A. Institutional Information.....	3
B. Scope of Review.....	4
C. Findings and Final Determinations.....	4
Resolved Findings	4
Resolved Findings with Comments.....	4
Finding 1. Inconsistent Information in Student Files.....	5
Finding 2. Return to Title IV Errors: Failure to Determine Withdrawals In a Timely Manner/Late Returns/Errors in Calculation..	7
Finding 4. Aggregate Loan Limit Exceeded.....	8
D. Appendices	9
Appendix A: Student Sample	
Appendix B: Program Review Report	10
Appendix C: CDU's Written Response	11

A. Institutional Information

Charles Drew University of Medicine and Science
1731 East 120th Street
Los Angeles, California 90049

Type: Private Non-Profit

Highest Level of Offering: Masters and Professional Degrees

Accrediting Agency: Western Association of Schools and Colleges –
Sr. Colleges and Universities

Current Student Enrollment: 253 (2011)

% of Students Receiving Title IV, HEA funds: 78% (2011)

Title IV, HEA Program Participation per U.S. Department of Education Records:

	<u>2009-2010</u>
Federal Pell Grant	\$ 443,515
Federal Work Study	\$ 63,298
Federal Supplemental Educational Opportunity Grant	\$ 24,084
Federal Stafford Subsidized Loan	\$ 1,050,097
Federal Stafford Unsubsidized Loan	\$ 1,493,749
Federal Grad PLUS Loan	<u>\$ 91,133</u>
Total	\$ 2,634,979

Default Rate FFEL/DL:	2009	4.7%
	2008	3.9%
	2007	3.5%

Default Rate Perkins:	6/30/10	29.6%
	6/30/09	29.6%
	6/30/08	24.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Charles Drew University of Medicine and Science (CDU) from February 14, 2011 to February 18, 2011. The review was conducted by DeNise McMillian and Lana Walter.

The focus of the review was to determine CDU's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of CDU's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2009-2010 and 2010-2011 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 3 files were selected in order to review Return to Title IV calculations. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on January 24, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning CDU's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve CDU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

CDU has taken the corrective actions necessary to resolve findings 3 and 5 through 9 of the program review report. Therefore, these findings may be considered closed. CDU's written response to these findings is attached to this Final Program Review Determination.

Resolved Findings with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing the resolution of the findings.

Finding 1. Inconsistent Information in Student Files

Citation Summary: *Per 34 C.F.R. Section 668.16(f), the Secretary considers an institution to have administrative capability if, among other factors, the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under the Title IV HEA programs. In determining whether an institution's system is adequate, the Secretary considers whether the institution obtains and reviews (1) all student aid application, needs analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant; (2) any documents, including any copies of state and federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and (3) any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs.*

Noncompliance Summary: *The institution routinely collects federal income tax returns for all students applying for federal financial aid and as such is required to verify the information provided on income tax returns with information provided on applications for federal student aid. In reviewing the student files the following instances of conflicting information did not appear to have been resolved:*

Student 1: The Institutional Student Information Report (ISIR) indicates that the student reported an AGI (adjusted gross income) of \$28,829 and taxes paid of \$3,447 for the 2008 calendar year; however, the tax return shows an AGI of \$29,865 and taxes paid of \$908. There was no evidence that the issue was noted or resolved.

Student 3: The student's non-tax filer statement reported a \$0 income for the 2008 calendar year; however the student's ISIR listed an AGI of \$1,500 for that year. There was no documentation noting the discrepancy or resolution.

Student 7: The ISIR indicates that the student reported a non-tax filer status with an income of \$0 for the 2008 calendar year; however the student provided a copy of a tax return reporting wages of \$14,483. There was no indication that the school had resolved this discrepancy.

Student 15: The student reported a household size of 4 on her 2010-2011 FAFSA (Free Application for Federal Student Aid), which was significantly different than the number reported on the previous year's FAFSA. There was no documentation noting the resolution or explanation in change of household size.

Required Action Summary: *CDU was required to conduct a full file review of all students that received Title IV funding in the 2009-2010 award year, including those identified in this finding. For those students reporting inaccurate income CDU was to determine the accurate amount of income and/or taxes and recalculate the student's eligibility for financial aid. For the student who reported a change in household size, CDU was required to confirm the student's current household size, document the information and if necessary, recalculate the student's eligibility.*

CDU was required to prepare a spreadsheet listing of all students for whom discrepancies were found. An alphabetical spreadsheet listing all of the students with discrepant information for award year 2009-2010, including the following information, had to be prepared:

- 1) Name*
- 2) Last four digits of SSN*
- 3) Description of discrepancy*
- 4) Resolved? Yes/No*
- 5) Original information correct? Yes/No*
- 6) Change in EFC, if any, resulting from recalculation*
- 7) Original Title IV, HEA disbursements by Title IV program*
- 8) Corrected Title IV, HEA disbursements by Title IV program*
- 9) Difference between original/corrected amounts*

Documentation used to resolve inconsistencies was required with the response

CDU's Response: CDU's April 27, 2012 response to the Program Review Report is attached to this FPRD. In response, CDU conducted a full file review of all Title IV recipients in the 2009-2010 award year, including those identified in this finding. The result of that file review revealed 36 files that had erroneous or inconsistent information. A recalculation was performed for those 36 students' Title IV awards using documentation provided by the students. The file review and recalculations determined that 2 students were overawarded and 1 student was underawarded.

Final Determination: CDU was required to perform a file review to respond to this finding and submit the results of that review to this office. The Department examined the data in the spreadsheet with the supporting documentation provided by CDU. Two students were identified as having been overawarded or receiving funds for which they were not eligible. The total amount of the overawards was \$7,680. Resolution resulted in CDU reducing one Federal Pell Grant by \$4,180. The second student's loan limit had exceeded the eligible aggregate loan amount by \$3,500, which CDU resolved by reducing the student's loan. Documentation was provided to support these changes. In addition, one student was found to be underawarded. CDU documented an increase of \$560 in

Federal Pell Grant funds for which the student was eligible. There is no further action required. This finding is closed.

Finding 2. Return to Title IV Errors: Failure to Determine Withdrawals in a Timely Manner/Late Returns/Errors in Calculation

Citation Summary: *Per 34 C.F.R. Section 668.22(j), an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of (i) the payment period or period of enrollment of the student; (ii) the academic year in which the student withdrew; or (iii) the educational program from which the student withdrew. In addition, Returns to Title IV (R2T4) are calculated according to the formula provided in 34 C.F.R. Section 668.22(a), (e), (f), (g), and (h). These regulations include requirements with respect to determining whether a post-withdrawal disbursement is due to a student.*

According to 34 Section 66.22(j), an institution must return the amount of Title IV funds for which it is responsible, after a student withdraws from school prior to the completion of a payment period, as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

Noncompliance Summary: *CDU'S withdrawal policy states that "under exceptional and documented circumstances, a student may request a total withdrawal from the University. A petition form must be obtained from the Office of Student Administration and the process completed before leaving the University." CDU's policy states that it returns any unearned portion of Title IV aid in accordance with federal guidelines.*

In reviewing files of students who had either withdrawn or ceased attendance at the University, the following was noted: students did not have an official withdrawal petition on file, in accordance with CDU's written policy, no timely determination of the withdrawal or last date of attendance (LDA) was made and there was an inaccurate calculation of a Return to Title IV.

Student #1: There was no clear indication on file of the student's LDA; however, the date of determination was 10/15/2009. Based on this determination, the R2T4 calculation should have resulted in a percentage of earned Title IV aid of 48.2% (student's completion of the payment period) rather than the 50% that was used, making the return to the unsubsidized loan \$1,411.50 rather than the \$1,362.50 that was returned. Additionally, the school was required to return the funds by 11/29/2009; however, the return was not made until 3/11/2010, which exceeded the 45 day requirement.

Student #2: The student's LDA was 10/15/2009 and the date of determination was made on 1/7/2010. The Return to Title IV calculation was performed on 1/7/2010 resulting in a calculated return of \$3,486.91 to the Federal Unsubsidized Stafford Loan Program. The

calculation was performed accurately; however, there was no indication that the funds were returned.

Required Action Summary: *The institution was required to develop and implement procedures that will ensure R2T4 calculations are performed accurately and timely and that returns are made within the 45 days required by federal regulation. In addition, CDU was required to ensure timely notification to the financial aid office of a student's withdrawal from classes or CDU. The procedures must be clear and precise, including the requirement to provide a copy of the written notification to be included in the student file, as well as any other documentation confirming the student's LDA. Further, CDU was required to examine its student consumer information on withdrawals and ensure that accurate information about the withdrawal process and the effect of withdrawals on Title IV aid is provided to students. A copy of revised and newly developed procedures were to be provided with the institution's response to the Program Review Report (PRR).*

CDU was required to indicate, in its response to the PRR, whether any further action (payment) had been taken on the miscalculation of Student #1's R2T4 and whether Student #2's R2T4 was, in fact, paid. If these were paid, proof of payment was to be submitted, including a copy (front and back) of a cancelled check or proof of electronic payment.

Final Determination: In response CDU provided a copy of the revised R2T4 policy. The Department reviewed the institution's policy to ensure that it meets regulatory requirements. Additionally, CDU submitted documentation supporting the return of the unsubsidized loan funds for Student #s 1 and 2. There is no further action required. This finding is closed.

Finding 4. Aggregate Loan Limit Exceeded

Citation Summary: *Per 34 C.F.R. § 682.204(b) the aggregate unpaid principal amount of all Federal Stafford Loans made to a student, but excluding the amount of capitalized interest, may not exceed \$23,000 in the case of any student who has not successfully completed a program of study at the undergraduate level.*

Noncompliance Summary: *A number of students admitted to CDU are not first-time borrowers and many are at or near the aggregate undergraduate loan limits, which is noted on the student ISIR. The student is advised that based upon data from the National Student Loan Data System (NSLDS), it has been determined that the student may have loans in excess of established loan limits.*

Schools are required to review all information on the student's ISIR when determining the student's eligibility for Title IV, HEA funds. CDU awarded Federal Stafford Loans in excess of the aggregate loan limit to the following student:

Student 1: The ISIR comment code stated that the student had received a total of undergraduate loans that exceeded the loan limit. CDU awarded and disbursed a \$12,500 Federal Stafford Unsubsidized Loan, which exceeded the aggregate loan limit for an independent student. The student's limit was exceeded by \$3,500.

CDU stated, during the review, that every effort is made to ensure the student loan limits are checked prior to the awarding and disbursement of federal student loans.

Required Action Summary: *The school must continue to monitor the student ISIRs for comment codes advising students and schools that loan limits are close to being exceeded or have been exceeded.*

Although the Financial Aid Director attempts to monitor each student's loan level and loan eligibility, the institution was required to implement procedures which would ensure allowable loan levels are not exceeded. It was recommended the new procedures provide a system of checks and balances. A second review or review by another financial aid counselor would help to ensure that loan limits are not exceeded. A copy of implemented procedures were requested to be submitted with the institution's response to the PRR.

CDU's Response: CDU provided evidence that it returned the \$3,500 overaward to the unsubsidized Stafford Loan Program. In addition, CDU indicated it had added an edit flag to the PowerFAIDS software, which now requires clearance of a student NSLDS record before any loan funds can be disbursed. This should prevent future occurrences of this finding.

Final Determination: In response to this finding, CDU returned the \$3,500 overaward to the unsubsidized Stafford loan program. The school documented the return by sending a copy of the letter and check to the Department acknowledging the exceeded aggregate loan limit. No further action is required. This finding is closed.

D. Appendices

Appendix A, Student Sample, contain personally identifiable information and will be emailed to CDU as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

The Program Review Report and institution's response to the Program Review Report are attached as appendices, also.

Appendix B
Program Review Report



January 24, 2011

Dr. David M. Carlisle, President
Charles Drew University of Medicine and Science
1731 East 120th Street
Los Angeles, CA 90059

Certified Mail
Return Receipt Requested
#7007 0710 0001 0674 4831

RE: Program Review Report
OPE ID: 01036500
PRCN: 201121027435

Dear Dr. Carlisle:

From February 14, 2011 through February 18, 2011, DeNise Hill and Lana Walter conducted a review of Charles Drew University of Medicine and Science's (CDU's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by CDU. The response should include a brief, written narrative for each finding that clearly states CDU's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, CDU must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by CDU upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to DeNise Hill of this office within 60 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

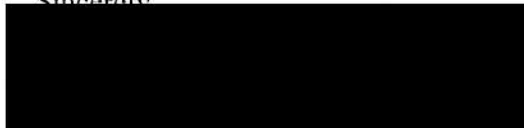
PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each of the findings references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. The appendix was encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data/documents containing PII.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(c).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact DeNise Hill at (206) 615-3638 or DeNise.L.Hill@ed.gov.

Sincerely,



Gayle E. Palumbo, Ed.D.
Team Leader

Enclosures: Protection of Personally Identifiable Information
Program Review Report

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for

**Charles Drew University of
Medicine and Science**



START HERE
GO FURTHER
FEDERAL STUDENT AID

OPE ID 01036500
PRCN 201121027435

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Team – San Francisco/Seattle

Program Review Report
January 24, 2011

Table of Contents

A. Institutional Information	2
B. Scope of Review.....	3
C. Findings.....	3
Finding 1. Inconsistent Information in Student Files	4
Finding 2. Return to Title IV Errors: Failure to Determine Withdrawals in a Timely Manner/Late Returns/Errors in Calculation	5
Finding 3. Admissions Policy Not Followed	7
Finding 4. Aggregate Loan Limit Exceeded	8
Finding 5. Improper Notification of Right to Cancel	9
Finding 6. Credit Balance Deficiencies.....	10
Finding 7. Inadequate Notice to Students of Return of Federal Family Education Loan (FFEL) Funds to Lenders	11
Finding 8. Leave of Absence Deficiency	12
Finding 9. Consumer Information Requirements Not Met.....	13
D. Recommendations.....	14
E. Appendices	15
Appendix A: Student Sample	15
Appendix B: Additional R2T4 Sample	16

A. Institutional Information

Charles Drew University of Medicine and Science
1731 East 120th Street
Los Angeles, California 90049

Type: Private Non-Profit

Highest Level of Offering: Masters and Professional Degrees

Accrediting Agency: Western Association of Schools and Colleges – Sr.
Colleges and Universities

Current Student Enrollment: 253 (2011)

% of Students Receiving Title IV: 78% (2011)

Title IV Participation (PC Net):

	<u>2009-2010</u>
Federal Pell Grant	\$ 443,515
Federal Work Study	\$ 63,298
Federal Supplemental Educational Opportunity Grant	\$ 24,084
Federal Stafford Subsidized Loan	\$ 1,050,097
Federal Stafford Unsubsidized Loan	\$ 1,493,749
Federal Grad PLUS Loan	<u>\$ 91,133</u>
Total	\$ 2,634,979

Default Rate FFEL/DL:	2009	4.7%
	2008	3.9%
	2007	3.5%

Default Rate Perkins:	6/30/10	29.6%
	6/30/09	29.6%
	6/30/08	24.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Charles Drew University of Medicine and Science (CDU) from February 14, 2011 to February 18, 2011. The review was conducted by DeNise L. Hill and Lana Walter.

The focus of the review was to determine CDU's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of CDU's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2009-2010 and 2010-2011 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning CDU's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve CDU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by CDU to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Inconsistent Information in Student Files

Citation: Per 34 C.F.R. § 668.16(f), the Secretary considers an institution to have administrative capability if, among other factors, the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under the Title IV, HEA programs. In determining whether an institution's system is adequate, the Secretary considers whether the institution obtains and reviews (1) all student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant; (2) any documents, including any copies of state and federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and (3) any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs.

Noncompliance: The institution routinely collects federal income tax returns for all students applying for federal financial aid and as such is required to verify the information provided on income tax returns with information provided on applications for federal student aid. In reviewing the student files the following instances of conflicting information did not appear to have been resolved:

Student 1: The Institutional Student Information Report (ISIR) indicates that the student reported an AGI (adjusted gross income) of \$28,829 and taxes paid of \$3,447 for the 2008 calendar year; however, the tax return shows an AGI of \$29,865 and taxes paid of \$908. There was no evidence that the issue was noted or resolved.

Student 3: The student's non-tax filer statement reported a \$0 income for the 2008 calendar year; however the student's ISIR listed an AGI of \$1,500 for that year. There was no documentation noting the discrepancy or resolution.

Student 7: The ISIR indicates that the student reported a non-tax filer status with an income of \$0 for the 2008 calendar year; however the student provided a copy of a tax return reporting wages of \$14,483. There was no indication that the school had resolved this discrepancy.

Student 15: The student reported a household size of 4 on her 2010-2011 FAFSA (Free Application for Federal Student Aid), which was significantly different than the number reported on the previous year's FAFSA. There was no documentation noting the resolution or explanation in change of household size.

Required Action: CDU must conduct a full file review of all students that received Title IV funding in the 2009-10 award year, including the students identified above. For those students reporting inaccurate income, CDU must determine the accurate amount of income and/or taxes and recalculate the students' eligibility for financial aid, to determine if the students were over or under awarded. For the student who reported a change in household size, CDU must confirm the student's current household size, document the information obtained, and, if necessary, recalculate the student's eligibility. If it is not possible to confirm whether information is accurate, any Title IV disbursements to that student are institutional liabilities due to the Department of Education.

CDU must prepare a spreadsheet listing all of the students for whom discrepancies were found. An alphabetical spreadsheet listing all of the students with discrepant information for the 2009-2010 award year must be prepared and include the following information:

- 1) Name
- 2) Last four digits of SSN
- 3) Description of discrepancy
- 4) Resolved? Yes/No
- 5) Original information correct? Yes/No
- 6) Change in EFC, if any, resulting from recalculation
- 7) Original Title IV, HEA disbursements by Title IV program
- 8) Corrected Title IV, HEA disbursements by Title IV program
- 9) Difference between original/corrected amounts

For any students for whom payments were made as a result of incorrect calculations, liabilities will be determined and instructions on the repayment of liabilities will be provided in the Final Program Review Determination Letter.

If CDU continues the practice of requiring students to provide copies of their tax returns, the institution must develop and implement procedures to ensure that the information reported on a student's FAFSA and tax return are consistent and that any inconsistencies be resolved prior to disbursing Title IV funds to the student.

In response, CDU must provide the spreadsheet described above, copies of the documentation obtained to resolve the inconsistencies noted, copies of EFC recalculations (where applicable), and the procedures which will be implemented.

Finding 2. Return to Title IV Errors: Failure to Determine Withdrawals in a Timely Manner/Late Returns/Errors in Calculation

Citation: Per 34 C.F.R. § 668.22(j), an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than

30 days after the end of the earlier of (i) the payment period or period of enrollment of the student; (ii) the academic year in which the student withdrew; or (iii) the educational program from which the student withdrew. In addition, Returns to Title IV (R2T4) are calculated according to the formula provided in 34 C.F.R. § 668.22(a), (e), (f), (g), and (h). These regulations include requirements with respect to determining whether a post-withdrawal disbursement is due to a student.

According to 34 C.F.R. § 668.22(j), an institution must return the amount of Title IV funds for which it is responsible, after a student withdraws from school prior to the completion of a payment period, as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

Noncompliance: CDU's withdrawal policy states that "under exceptional and documented circumstances, a student may request a total withdrawal from the University. A petition form must be obtained from the Office of Student Administration and the process completed before leaving the University." CDU's policy states that it returns any unearned portion of Title IV financial aid in accordance with federal guidelines.

In reviewing files of students who had either withdrawn or ceased attendance at the University, the following was noted: students did not have an official withdrawal petition on file, in accordance with CDU's written policy, no timely determination of the withdrawal or last date of attendance (LDA) was made and there was an inaccurate calculation of a Return to Title IV.

Student #1: There was no clear indication on file of the student's LDA; however, the date of determination was 10/15/2009. Based on this determination, the R2T4 calculation should have resulted in a percentage of earned Title IV aid of 48.2% (student's completion of the payment period) rather than the 50% that was used, making the return to the unsubsidized loan \$1,411.50 rather than the \$1,362.50 that was returned. Additionally, the school was required to return the funds by 11/29/2009; however, the return was not made until 3/11/2010, which exceeded the 45 day requirement.

Student #2: The student's LDA was 10/15/2009 and the date of determination was made on 1/7/2010. The Return to Title IV calculation was performed on 1/7/2010 resulting in a calculated return of \$3,486.91 to the Federal Unsubsidized Stafford Loan Program. The calculation was performed accurately; however, there was no indication that the funds were returned.

Required Action: The institution must develop and implement procedures that will ensure R2T4 calculations are performed accurately and timely and that returns are made within the 45 days required by federal regulation. In addition, CDU must ensure timely notification to the financial aid office of a student's withdrawal from classes or CDU. The procedures must be clear and precise, including the requirement to provide a copy of

the written notification to be included in the student file, as well as any other documentation confirming the student's L.D.A. Further, CDU must examine its student consumer information on withdrawals and ensure that accurate information about the withdrawal process and the effect of withdrawals on Title IV aid is provided to students. A copy of revised and newly developed procedures must be provided with the institution's response to the Program Review Report (PRR).

CDU must indicate, in its response to the PRR, whether any further action (payment) has been taken on the miscalculation of Student #1's R2T4 and if Student #2's R2T4 was, in fact, paid. If these were paid, proof of payment must be submitted, including a copy (front and back) of a cancelled check or proof of electronic payment. If not, instructions will be provided in the Final Program Review Determination (FPRD) as to the repayment of this liability.

Finding 3. Admissions Policy Not Followed

Citation: Per 34 C.F.R. § 600.4(a)(2), an institution of higher education – either a public or private nonprofit educational institution – admits as regular students only persons who (i) have a high school diploma, (ii) have the recognized equivalent of a high school diploma or (iii) are beyond the age of compulsory school attendance in the state in which the institution is physically located.

Noncompliance: CDU's requirements for admission state that all undergraduate and certificate applicants to the College of Science and Health must submit the following documents to satisfy minimum admission requirements: 1) A university admissions application, (2) A non-refundable application fee, (3) Proof of high school graduation, a high school equivalency certificate or GED.

Student #23 was admitted to CDU as a non-matriculated student, pending an outstanding application form and application fee. Additionally, no documentation of a high school diploma or its equivalent was present.

The student received disbursements of \$11,918.00 in a Graduate PLUS loan, \$4,229.00 in a Federal Stafford Subsidized Loan and \$5,970.00 in a Stafford Unsubsidized Loan. The student's account statement dated February 14, 2011 indicates that all funds were "refunded" to the student on September 23, 2010.

Required Action: CDU must review its records to determine if the student met the institutional requirement for regular admission to the institution and provide documentation to support its conclusion. Non-matriculated students are generally students who are not working toward a degree or eligible certificate at an institution and are not eligible for Title IV aid. If it is determined that the student did not meet the

requirements of admission or Title IV eligibility, CDU will be required to repay the Title IV, HEA funds to the appropriate program(s). Instructions for repayment of any determined liability will be provided in the FPRD.

Finding 4. Aggregate Loan Limit Exceeded

Citation: Per 34 C.F.R. § 682.204(b) the aggregate unpaid principal amount of all Federal Stafford Loans made to a student, but excluding the amount of capitalized interest, may not exceed \$23,000 in the case of any student who has not successfully completed a program of study at the undergraduate level.

Noncompliance: A number of students admitted to CDU are not first-time borrowers and many are at or near the aggregate undergraduate loan limits, which is noted on the student ISIR. The student is advised that based upon data from the National Student Loan Data System (NSLDS), it has been determined that the student may have loans in excess of established loan limits.

Schools are required to review all information on the student's ISIRs when determining the student's eligibility for Title IV, HEA funds. CDU awarded Federal Stafford Loans in excess of the aggregate loan limit to the following student:

Student 1: The ISIR comment code stated that the student had received a total of undergraduate loans that exceeded the loan limit. CDU awarded and disbursed a \$12,500 Federal Stafford Unsubsidized Loan, which exceeded the aggregate loan limit for an independent student. The student's limit was exceeded by \$3,500.

CDU stated, during the review, that every effort is made to ensure that student loan limits are checked prior to the awarding and disbursement of federal student loans.

Required Action: The school must continue to monitor the student ISIRs for comment codes advising students and schools that loan limits are close to being exceeded or have been exceeded.

Although the Financial Aid Director attempts to monitor each student's loan level and loan eligibility, the institution must implement procedures which would ensure allowable loan levels are not exceeded. It is recommended the new procedures provide a system of checks and balances. A second review or review by another financial aid counselor would help to ensure that loan limits are not exceeded. A copy of implemented procedures should be provided with the institution's response to this PRR.

In addition, CDU is liable for the overpayment to the student noted above. Instructions on repaying this liability will be provided in the FPRD.

Finding 5. Improper Notification of Right to Cancel

Citation: The Cash Management regulations set forth at 34 C.F.R. § 668.165(a) provide:

- If an institution credits a student's account at the institution with Direct Loan, FFEL, or Federal Perkins Loan Program funds and receives such funds via Electronic Funds Transfer (EFT), the institution must notify the student, or parent, of –
 - (i) The date and amount of the disbursement;
 - (ii) The student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan. However, the institution does not have to provide this information with regard to FFEL Program funds unless the institution received the loan funds from a lender through an EFT payment or master check; and
 - (iii) The procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement.
- The institution must send the notice described above –
 - (i) No earlier than 30 days before and no later than 30 days after crediting the student's account at the institution; and
 - (ii) Either in writing or electronically. If the institution sends the notice electronically, it must require the recipient of the notice to confirm receipt of the notice and must maintain a copy of that confirmation.

Per 34 C.F.R. § 668.165(a)(4) and (5), any cancellation requested by a student (or parent in the case of a PLUS loan) within 14 days of the date the institution sends such a notice, must immediately be made by the institution. If a student or parent requests a cancellation after this 14-day period, the institution may return the proceeds and cancel the loan, but is not required to do so. In any event, the institution is required to inform the student or parent of the outcome of the cancellation request.

Noncompliance: The institution provides each financial aid recipient with an award letter and Financial Aid Award Letter Guide. Both documents are used to serve as notification of the student's right to cancel a federal student loan. The first notification found in the award letter refers the student to their "Financial Aid Award Letter Guide" if they wish to accept the loan.

The guide states that if the student wants the Stafford loan, the student "must" accept the award letter, sign and return a copy to the Financial Aid Office. However, if he/she wishes to decline any "portion" of the financial aid "package" the student must submit a

written statement within two weeks of the date of the award letter. The same would apply to a Parent Loan (PLUS) – the student will accept or decline the loan and, if accepted, the “parent(s)” will complete a loan application and promissory note.

The award letter or guide does not sufficiently advise the students of their right to cancel a federal student loan. The documents fail to disclose the date and amount of the disbursement, their right to cancel all or a portion of the loan, what happens to the cancelled loan or what happens if the request is made after the 14 day period.

The students are required to sign, date and return the award letter before their aid can be processed, and this action could result in a conflict of information on file and in confusion on the part of the student, if the student signs the award letter accepting the need based aid, but intends to decline the federal student loans in a separate written statement.

Action Required: In response to this Report, CDU must develop and implement policies and procedures that will insure that student and parent borrowers of FFEL loans are notified properly and timely with each disbursement. The policies and procedures must further provide for the timely cancellation if requested by a borrower. The policies and procedures must be clear and consistent with other documentation that may appear in a student’s file. A copy of such policies and procedures are to be submitted in response to this Report.

Finding 6. Credit Balance Deficiencies

Citation: Per 34 C.F.R. § 668.164(e), whenever an institution disburses Title IV, HEA program funds by crediting a student’s account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but (1) no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or (2) no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

Noncompliance: CDU’s policy on credit balances is to issue credit balance checks within a day or two of the occurrence of the credit balance. The award letter signed by students confirming acceptance of the financial aid includes a statement which could be interpreted to be an authorization to hold a credit balance. However, the statement is unclear and misleading.

The award letter states: “disbursements are applied directly to your student account and are primarily used to pay tuition and fees. Credit balances on student accounts may be

used for miscellaneous living and educational expenses.” The wording does not clearly state that the student may leave Title IV funds on their account to be used for educational expenses nor does it advise the student of their right to rescind the authorization. In addition, Title IV funds may cover very specific institutional charges, but not necessarily “miscellaneous educational expenses,” depending on what those expenses are.

Required Action: CDU is required to revise its award letter and ensure that credit balances are paid to students or parents when they occur, in accordance with federal regulations. CDU must also review its policies and procedures to ensure a credit balance is paid, per CDU policy/procedures, within 14 days of its occurrence. If an authorization to hold a credit balance is signed by a student, the student must be advised that these are voluntary statements and of their right to rescind the authorization. A copy of the revised policies and procedures, as well as the revised award letter, must be submitted in response to this PRR.

Finding 7. Inadequate Notice to Students of Return of Federal Family Education Loan (FFEL) Funds to Lenders

Citation: Per 34 C.F.R. § 682.607(1) and (2), by applying for a FFEL loan, a borrower authorizes the school to pay directly to the lender that portion of a refund or Return to Title IV, HEA program funds that is allocable to the loan upon the borrower’s withdrawal. A school must provide simultaneous written notice to the borrower if the school makes a payment of a refund or a Return to Title IV, HEA program funds to a lender on behalf of that student.

Noncompliance: CDU does not adequately notify students that their federal student loan balances were reduced as a result of funds having been returned to lenders. The institution does not advise the students of the reason for the return of funds nor does CDU provide a date for the transaction. There was no evidence of notification in the student files or notification in the electronic system maintained by the financial aid office.

Required Action: In response to this Report, CDU must develop and implement a procedure to assure that when FFEL funds are returned to a student or parent borrower’s loan account, the borrower is notified of the amount of funds returned and advised that the funds were returned by CDU to the borrower’s account. A copy of the procedures and any forms addressing this finding must be provided with CDU’s response to this Report.

Finding 8. Leave of Absence Deficiency

Citation: A leave of absence (LOA) is an approved leave of absence if (i) the institution has a formal policy regarding leaves of absences; (ii) the student followed the institution's policy in requesting a leave of absence, (iii) the institution determines that there is a reasonable expectation that the student will return to the school; (iv) the institution approved the student's request in accordance with the institution's policy and (vi) the number of days in the approved leave of absence, when added to the number of days in all other approved leaves of absence, does not exceed 180 days in any 12 month period.

An institution's leave of absence policy is a "formal policy" if the policy—

(A) Is in writing and publicized to students; and

(B) Requires students to provide a written, signed, and dated request that includes the reason for the request, prior to the leave of absence. However, if unforeseen circumstances prevent a student from providing a prior written request, the institution may grant the student's request for a leave of absence, if the institution documents its decision and collects the written request at a later date.

34 C.F.R. §668.22(d)

Noncompliance: CDU's LOA policy states that an LOA may be granted, through the individual academic programs, for personal, medical or military purposes. Normally, one LOA is allowed per person and the student must petition for an LOA, meet with the Program Director and complete the Leave of Absence form. The students are also responsible for making arrangements regarding their financial aid and student accounts in the event of withdrawal. They are encouraged to meet with the Financial Aid Office.

There was an LOA form for student #23 which did not appear to be initiated by the student. The form was completed on 11/29/2010 requesting an LOA for the period 11/29/2010 through the Fall, 2011. The signature of the requestor and Program Director are the same. The Program Director acted on behalf of the student in making the LOA request; however, there is no further information or documentation to support that this LOA request originated with the student.

Additionally, the LOA was not made according to CDU policy or in compliance with the regulatory requirement not to exceed 180 days or to include a reason for the request. There was no indication that the student or the Program Director had contacted the Financial Aid Office.

Required Action: In response to this finding, CDU must review and amend its LOA policy to insure that it is in compliance with regulatory requirements. CDU must also implement procedures that would advise faculty and staff of the proper method of requesting an LOA and of approving an LOA. Please provide a copy of the revised LOA policy, form and procedures with your response to this Program Review Report.

In addition, student #23 should have been treated as a withdrawal since the student did not have an approvable LOA on file. The last date of attendance, for R2T4 calculation purposes, would have been the last date of attendance prior to the LOA. In response to this PRR, CDU must provide the results of the R2T4 calculation and include information on any returns made to Title IV programs on behalf of this student. Any returns needing to be made will be liabilities and instructions on the repayment of liabilities will be provided in the FPRD.

Finding 9. Consumer Information Requirements Not Met

Citation: Institutions must disclose on the institution's Internet course schedule used for preregistration and registration purposes, the International Standard Book Number (ISBN) and retail price information of required and recommended textbooks and supplemental materials for each course listed. This consumer information requirement is stated in the Higher Education Act, Sec. 133 20 U.S.C. 1015b, as amended by the Higher Education Opportunity Act (HEOA). If no ISBN is available, the author, title, publisher, and copyright date of the textbook or supplemental material must be provided. If the institution determines that disclosure of this pricing information is not practicable for some reason, the designation of "To Be Determined (TBD)" in lieu of the required pricing information must be indicated.

Noncompliance: Students at CDU register online using the Self-Service module of the campus software "PowerCampus." CDU failed to provide, on the institution's Internet course schedule, the International Standard Book Number (ISBN) and retail price information of required and recommended textbooks and supplemental materials for each course listed, as required.

Required Action: To be in compliance with this aspect of consumer information requirements, CDU must disclose, on its Internet course schedule, the International Standard Book Number (ISBN) and retail price information of required and recommended textbooks and supplemental materials for each course listed. CDU must develop a policy regarding the disclosure of textbook information and implement this policy for the Fall term 2011. CDU must provide a copy of this policy to the Department with dates on when the policy was implemented and examples of the textbook information posted on the institution's internet site.

D. Recommendations

The following is a recommendation based upon observations made by the review team during the program review. CDU is not required to provide a response to, nor is CDU required to act upon, this recommendation. However, the review team believes that adoption of this recommendation will assist the institution in its administration of Title IV, HEA program funds.

- Recommendation: The Department recommends CDU provide and support the financial aid and registrar's staff in obtaining timely, consistent, and ongoing training pertaining to the administration of Title IV funds.

Appendix C

CDU's Written Response